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FOR IMMEDIATE RELEASE to News Agencies along with N.A.I.C. , N.I.C.B, Coalition Against Insurance Fraud [eport@insurancefraud.org]

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COEUR D'ALENE MAN PLEADS GUILTY TO INSURANCE FRAUD

Coeur d'Alene, ID - On February 23, 2005, Jason Ralph Ball pled guilty in Federal court to five counts of a fifty count federal criminal indictment arising out of his activities as an insurance broker. The violations included insurance fraud, money laundering, and mail and wire fraud. Sentencing is set for May 9, 2005. Ball could be sentenced to up to fifty years in prison for his crimes.

The one year investigation was conducted by investigators from the Idaho Department of Insurance, the FBI, and state insurance regulators for the states of North Dakota, Minnesota, Kansas and Iowa. The investigation identified over three and a half million dollars that Ball obtained from selling fraudulent stop-loss insurance policies to more than forty employers in several mid-western states. Idaho Department of Insurance Director Gary L. Smith noted that, "The success of this investigation is the result of state insurance regulators, alert consumers and members of the insurance industry working together in the fight against insurance fraud." Insurance fraud is estimated to add 10 to 15 percent to the cost of insurance purchased by consumers nationally.

Ball represented to employers that he was an agent for various insurance companies offering stop-loss coverage for self-funded employee health plans. However, he was not authorized to sell insurance for the companies he falsely claimed to represent, and he applied the premium payments he received to his personal use. Stop-loss or excess loss insurance is used by employers that self-fund employee health benefits to help offset the costs of expensive medical claims. If an employer is sold a bogus stop-loss policy, the employer plan will be liable for the full amount of the large claims that were supposed to be covered by the policy. The result may be that the employer is forced into bankruptcy due to an employee's catastrophic medical claims, and the employees may ultimately be held responsible for paying medical bills that were covered under the employer health plan.

In an effort to avoid detection and further his scheme, Ball paid some employers' claims from premiums received from the bogus insurance policies. Ultimately, the scheme unraveled when an alert employer discovered that the policy it had purchased through Ball had never been issued by the insurer Ball claimed to represent. The employer reported the problem to its state insurance department, which resulted in the investigation of Ball's activities. Investigators found that even after being indicted in October 2004, Ball attempted to continue selling bogus insurance policies to unsuspecting employers.

As part of his sentencing, Ball will be required to reimburse the employers he victimized for the amount of their financial loss. Ball will also forfeit his expensive home in Coeur d'Alene, Idaho, that he financed with money he obtained from the sale of fraudulent insurance policies.

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